

① 07.1 562 Strategy meeting
our senior general

Good morning ladies and gentlemen. Unfortunately, Mr. Morio couldn't arrange the schedule, and can't come here today. So, I'd like to make a speech for him. My name is Suzuki.

First of all, Video 8 business have been growing constantly since the first introduction of 8mm camcorder in 1985. And in 1988, the sales of PV division reached to 20 billion yen.

→ '89 Business estimation of 8mm video, 74% of our business depend on camcorder.
~~As~~ this chart shows, ~~sales rate of camcorder share gets 74%~~ And we can expect that an introduction of the Video walkman will be good opportunity to stimulate the market of 8mm VTR Deck and Video Walkman.

The total production amount of Sony's Video 8 product reached to over 5 million units in last April. And now we have capacity to produce ^{OVER} 200 thousand units per a month.

Then I'd like to touch upon a over view of 8mm Business
~~Then I'll explain our view for the whole 8mm business.~~

^{are manufactures of 8mm video, and}
~~As you know~~, this chart shows ~~recent~~ companies which are concerning with 8mm product sales and marketing. ^{many companies have joined 8mm business.}

Next, I'd like to talk about 8mm format share in the camcorder category. ^{is you can see on this chart}
In Japan, 8mm format gets over 40%. And recently, by the introduction of Hi-8 and the TR-55, ~~extremely compact camcorder~~, the market share is growing ~~rapidly~~. ^{steadily.}

This chart shows the impact of introduction of the TR-55 at Akihabara and Nihonbashi, (where are the particular market for electronics products in Japan.)

Maybe you can see from this chart how big the impact was!

Before introduction of TR-55, 8mm format share was 51%,
after introduction, 8mm got 67% at Akihabara!

Until now, camcorder were mainly used to record children's growth, but the TR-55 is developed on the concept of "travelling" for new market cultivation.

In the USA market, VHS-C is placed between full size VHS and 8mm and tend to decline. On the other hand, ~~owing to this situation~~, Video 8 increases its share steadily.

In Europe market, I'll take up the Germany for example. The format share of 8mm constantly keeps ~~40 to 45%~~ ^{45 to 50%}.

I've been telling you only ~~very~~ good aspects so far, but analyzing today's situation, we can't be optimistic so easily. Because some problems arose recently.

First, we can see (vague) shadow of ^{CAMCORDER} ~~video 8~~ business growth of industry.

Second, in the USA and Europe, the market invently has been increased, and consequently discounting the price became a daily event.

Last year, we introduce the Video Walkman on the concept of "Personal Video" into the market and it became a big topic. But we realize that it is not so easy to establish this business.

In order to overcome these situation and continue to develop Video 8 business,
as this chart shows, we must put the basic concept
"Video8 ^{means customer} ~~is user~~ benefit " as a slogan,
and actualize

"Technical improvement to draw out ~~the~~ as much potential of 8mm format as
possible " *for example: ---*
and develop

"Products to cultivate new demands " *--- Video walkman, ...*
and carry out the marketing for

"Reliable business"

These are our basic ideology of PV division.

By the way, "8MM STRATEGY MEETING" was held in March 1989 with large attendance
of the presidents of worldwide sales companies to fix 8mm as a standard format
of the world by CO-OP DIV. The confirmed items at that time were;

- * Treat Video 8 as CO-OP Project.
- * Have a common understanding that we are in the format war against VHS, and
cope with that.
- * Aim the over 50% of the final share in camcorder market, and in order to
realize it, carry forward to format the Video 8 family formation and invest in
soft ware positively.
- * Assign the expansion of Video Walkman as an important items.

~~We heard that according to the decision of last ITM,~~ ^{*} the president of each sales
company take the responsibility of resource allocation and action plan for
Video 8 promotion, and concrete action will be started at the next ITM.